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Marketing Ohio Grown Christmas Trees Through Wholesale Outlets



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OHIO AGRICULTURAL
EXPERIMENT STATION

Wooster, Ohio

Al-
though
Christmas
tree whole-
salers handle
a large number
of trees each year,
few Ohio growers have
taken advantage of these
established outlets for the
marketing of trees. * * * *

Approximately
81 percent of the trees mar-
keted by wholesalers in Canton,
Columbus and Washington C. H. Ohio
are imported from outside Ohio. This
market will not be available to Ohio
growers until the growers are willing
to perform the services, in both produc-
tion and marketing, to meet the competition.

Production practices such
as shearing and selective cutting—marketing
practices such as bundling, delivering, large scale
marketing, and grading—are services to be considered
by the grower.



MARKETING OHIO GROWN CHRISTMAS TREES THROUGH WHOLESALE OUTLETS

Columbus, Canton and Washington Court House, Ohio—1956

GLEN H. MITCHELL and RAYMOND R. CASEY

INTRODUCTION

Until recent years, Christmas trees were cut from natural timber stands and marketed throughout the United States. Nature was the principle determinant in the type of product a young tree became, trees were cut from wherever they happened to grow.

However, in the past few years, plantations of Christmas trees have been planted throughout the country. In Ohio alone, between 12,000 and 13,000 acres of land have been planted to Christmas trees in the past ten years. More than three million seedlings were planted on Ohio acres in 1956, and more than 182,000 trees were sold by Ohio growers during the 1955 Christmas season.¹

Men who grow and sell Christmas trees have begun to try to find better ways of producing a tree and then ways to better market the grown tree. The Ohio Agricultural Experiment Station is conducting experiments on the growth of different species of Christmas trees and the effect of different cultivation practices on each species.

In 1956, the Ohio Agricultural Experiment Station, cooperating with the Central States Forest Experiment Station, and the Agricultural Experiment Stations in eight other states of the North-Central States Region, initiated a two year study of the marketing of Christmas trees. Ohio growers, wholesalers, retailers, and consumers of Christmas trees were contacted.

¹A Research Publication on **The Production and Marketing of Christmas Trees By Ohio Tree Growers** by Mitchell and Quigley includes data on Ohio acres planted to Christmas trees.

The wholesaler survey followed a survey of Christmas tree retailers serving three Ohio cities; Canton, Columbus and Washington C. H. Each retailer was asked to list his sources of trees and then the wholesalers listed were contacted.

Both independent wholesale organizations and branch offices of chain grocery stores handle Christmas trees in wholesale lots. Four independent wholesalers were interviewed in Canton, five in Columbus, and one in Washington C. H. The usual occupations of the wholesalers surveyed were the operation of wholesale produce houses, seed companies or tree nurseries. Five chain store branch offices serving Columbus and Washington C. H. consumers were contacted.

Most of the wholesalers have been in the Christmas tree business many years. The tenure ranged from 12 to 50 years and the average was about 30 years. Only one dealer in Canton had been in the Christmas tree business less than 30 years. The tenure for chain stores ranged for 15 to 20 years with an average of about 18 years.

The dealers were asked the number and species of trees they handle, source of tree, purchasing methods, advantages of locally grown and imported² trees, pricing methods and what other types of Christmas greenery they handled.

This wholesaler survey does not include all the trees sold within any one of the three cities. The market within each city may be expanded by some growers who market directly to retailers, growers who maintain their own lots, and some individuals who purchase trees from locations within Ohio, haul the trees to a market, and sell to the retail lots from their trucks.³

TREES HANDLED IN THE MARKETS

Wholesalers in the three cities reported a total of 129,062 trees marketed during the 1956 Christmas season. Most of the trees marketed were imported. Balsam fir, the most popular tree, accounts for over 50% of the total.

²"Locally grown" means produced within the geographical limits of Ohio. "Imported" refers to trees produced outside the State of Ohio.

³A research publication about **Retail Christmas Tree Sales In Columbus, Canton, and Washington C. H.** includes information on these sources of trees.

Scotch pine, both imported and locally grown, makes up 43% of the total number of trees marketed. Locally grown species (Scotch pine, red pine, white pine) account for only about 19% of the total.

Table 1 in the appendix shows the total number of trees, by species, marketed in the three Ohio cities.

Canton, Ohio

The Canton market differs from the market in Columbus and Washington C. H. Although Scotch pine accounts for only about 43% of the trees sold in all cities surveyed, it makes up about three-fourths of the trees handled by Canton wholesalers. However, it should be pointed out that, in this market, one dealer imported 32,000 Scotch pine trees. This explains the preponderance of Scotch in the market.

Table 2 in the appendix shows the species, number, and percentage of trees marketed by the Canton wholesalers.

Columbus and Washington C. H.

The Washington C. H. survey consisted of one relatively small produce house and one branch office of a chain store company. The Columbus market is composed of five produce houses and four chain store companies' branch offices. Because of the differences in the marketing operations of the chain stores and produce companies, each group will be analyzed separately.

For the purpose of analysis, the one produce company in Washington C. H. and the one chain store company in that market will be included in the Columbus market. This is being done because, first, the produce company sold only a few trees, and secondly, both Washington C. H. outlets are very similar to the like organizations in the Columbus market.

Over three-fourths of the trees marketed by wholesalers (chain stores and produce companies) were balsam fir trees imported from Canada and northern United States. Imported Scotch pines accounted for another two and one-half percent.

Locally grown trees comprise slightly less than one-fifth of the total trees marketed. Locally grown Scotch pine comprise about 12%, red pine another 7%, and white pine less than one percent.

Table 3 shows the number of trees marketed by species and source.

WHOLESALE PRODUCE COMPANIES—About three-fourths of the trees marketed in the Columbus area are imported. Balsam fir accounts for 72% of the trees sold, while spruce, a standard for many years in the Christmas tree industry, makes up only 1.05% of the total number of trees handled by Columbus wholesale produce companies. Red pine, the only other important species sold by wholesalers, accounts for another 10%.

Table 4 in the appendix lists the species, origin, number and percentage of trees handled by the produce houses in Columbus and Washington C. H.

In this market also, we find one dealer exerting a strong influence on the number of trees marketed. This dealer handled 62% of the trees. About 47% of all balsam fir sold in the market moved through the organization. This firm sold 96% of the Scotch pine, all of the red pine, and all of the white pine. This operation accounts for 97.5% of the locally grown trees (Scotch, red and white pines) sold by produce companies.

CHAIN STORES—Four of five chains serving the Columbus area handled fresh cut, natural Christmas trees during the 1956 marketing season. The fifth marketed only table model, artificially colored trees.

An even higher percentage of the trees handled by chain stores were imported. Of the 22,648 trees sold through chain stores, over 94% were imported. Balsam fir, again the most popular tree handled, accounted for about 87% of the total number of trees.

Table 5 shows the number of trees marketed and the percentage of each species that was locally grown and imported.

Unsold Trees

Wholesalers evidently estimated the actual market for trees more accurately in 1956 than the previous year. Dealers reported that they destroyed more than 3,430 trees in 1955 compared to slightly over 860 trees that were on hand Christmas Day in 1956. Complete figures on the number destroyed in both marketing periods are not available.

The trees discarded in 1956 amounted to less than 1% of the number of trees handled during the season. Canton dealers destroyed slightly less than 1% of their trees, Columbus chain stores reported no trees at the end of the season, and Columbus wholesalers reported about .5% of their trees not sold.

DEALERS HANDLING EACH SPECIES

The species of trees handled by each dealer varies as much as the number of trees each handled. Two species of trees, Scotch pine and balsam fir, were handled by practically all the wholesalers interviewed. Four-fifths of the dealers handled balsam fir and about three-fourths handled Scotch pine. Only one-third handled red pine, one-fifth white pine and about 7% handled spruce.

PURCHASING PROCEDURES

Description of Market

The market for trees in the three Ohio areas surveyed may be best described as a "buyers' market." One-half of the wholesalers interviewed reported they are contacted by suppliers and do not have to look for a source of supply. Another one-fourth reported they phone or mail orders to a supplier with whom they are familiar. Others rely upon brokers to place their orders.

Purchasing Dates

Wholesalers contract for trees well in advance of the marketing season. Over one-fourth of the original contracts were let with suppliers between January and April, about one-half between May and July and the rest between August and October. Dealers purchasing both imported and locally grown trees generally contract with import sources earlier than with local growers. The contracts reported between January and April were for imported trees. The original contract usually requires a down payment with the balance due on delivery date.

Type of Contracts

About three-fourths of the wholesalers report their purchases are on a delivered basis and twenty percent reported FOB purchases. No wholesalers in the Canton market purchased trees FOB. Among the Columbus chain stores and the Columbus produce wholesalers, the largest handler in each category reported that all purchases were FOB. These two also handled a large number of Ohio grown trees when compared to the rest of the market. Both select most of their trees before the trees are cut. This may be a major reason for purchasing FOB.

Differentiated Trees

Quality grading and shearing or pruning the growing tree are undertaken by some growers to attract a better market for their trees. Twenty percent of the wholesalers interviewed in the three areas reported they purchased sheared Ohio grown trees. Another 20% purchased sheared imported trees and 40% said they purchased both locally grown and imported trees that had been sheared at least once.

Quality grading is not as well established in the market as shearing. Where grades are used at the present time, they have been arbitrarily established by the supplier or wholesaler and are not uniform throughout the market. Sixty percent of the wholesalers interviewed said they purchased trees on a size grade but only one-third purchased any trees on the basis of quality grades. However, most dealers said they would like to see a uniform grading system established.

Annual Market

Once a dealer locates a satisfactory source of supply, he tends to buy from that source year after year. Two-thirds of the wholesalers interviewed reported that they do return to the same source annually. However, the quality of trees supplied by the grower or tree company must remain high. Each dealer stated that, if the quality would decline or would not compare favorably with most other suppliers, the dealer would change his source of supply.

Bundling

One Central Ohio produce wholesaler bundled some Scotch pine trees. This operation, similar to the bundling of balsam fir, was successful although some problems still need to be conquered before the operation will be satisfactory for most wholesalers. The nature of the Scotch pine tree, stiff branches and bushy shape, necessitates bundling only one tree to a bundle. The only advantage to bundling this species is ease in handling each tree.

The wholesaler has not been able to devise a completely automatic machine for the bundling operation, ties must still be made by hand. However, he is optimistic about the operation, his retailers were satisfied with the bundled product, and he is going ahead to improve the operation in the coming marketing seasons. Eventually he hopes to bundle all Scotch pine trees marketed through his organization.

PRICE TO RETAILERS

Pricing methods followed by wholesalers vary. Forty percent of the dealers reported that, once a price is established, they will carry the price throughout the marketing season.

Forty-seven percent reported that the price will vary with the supply and demand situation in the market. If, as the marketing season draws to a close, they have a substantial number of trees on hand, the price will be lowered. During 1956, as the season progressed, demand for trees increased so several dealers raised prices towards the close of the marketing period.

There is more variation between the price of trees of the same species than between species sold within a market. Prices between cities are quite similar on the same species. About the only difference noted in this survey was that the Canton market was generally 25 cents lower on the upper limits of the price range of each specie.

Balsam Fir

Wholesalers purchased and sold all balsam fir in bundles; i. e., the trees were packaged with one to seven trees in a bundle and each bundle in a carload sold for the same price, regardless of the number of trees in a bundle or the quality of the trees. These bundles were priced from \$4.00 to \$6.50 to the retailers in the 1956 marketing period.

Usually not all the trees within a bundle are of equal quality. Many retailers price the trees from a bundle according to their own grading system based on their estimate of what the consumer will pay for that particular tree. Consequently, one bundle may contain four trees that will be priced at 75¢, \$1.50, \$1.00, and \$2.50 by the retailers.

Other Species

Most of the other species of trees were purchased and sold by the retailers on a per tree basis. Scotch pine prices to the retailers ranged from \$1.50 to \$3.00 per tree, red pine from \$2.00 to \$2.55, and white pine from \$2.00 to \$2.50 per tree.

Chain Stores

Chain store prices are not included in the above price ranges. Prices for chains largely are left to the retail produce manager of the local store. The branch produce merchandiser will list trees to the retail store at cost and recommend a specific markup, often about 25%

above cost. The produce manager usually merchandised the best trees in the bundle to obtain maximum profit. This results in a few trees in each bundle paying the cost and merchandising expenses. Income from the remaining trees is additional profit to the store operation.

Some of the produce managers and merchandisers interviewed stated that they consider Christmas tree sales as services for their regular customers and not as profit items in their produce departments. As a result, in some instances, once the cost of trees and merchandising is realized by a store, many of the trees may be disposed of at a very nominal price or even given away.

OTHER GREENERY HANDLED

In addition to the standard cut Christmas tree, wholesalers in the three cities handled boughs, roping, live trees and artificially finished trees. Sixty percent of the dealers contacted handled cut boughs. An additional 13% cut poor quality trees and merchandised them as boughs. This latter practice is more common among retailers than wholesalers.

Two-thirds of the dealers reported sales of artificially finished trees. These trees were normally two-and-one-half to three feet tall, and usually were spruce. Green and silver are the predominant colors sold although one dealer commented that the most popular color handled in 1956 was pink. Most of these trees are purchased as novelty items and comprise a very small percentage of the total Christmas greenery marketed.

One wholesaler handled live trees. Most stated that they were not equipped to merchandise live trees and that this demand is filled by nurserymen.

COMPARISON OF LOCALLY GROWN AND IMPORTED TREES

Advantages of Ohio Trees

Wholesalers in the three city markets were asked to list some of the advantages of handling locally grown trees. Fifty-three percent responded that the biggest advantage is the nearness of the grower to the wholesale market. This enables the wholesaler to purchase only trees he selects. He can order and reorder if more trees are needed

during the marketing season, and the later cutting time results in less color change, drying out of the tree and needle drop while the tree is displayed. Some of the dealers reported that customers preferred Ohio grown trees, and some stated that quality is more stable on locally grown trees than on imported trees.

Advantages of Imported Trees

About one-fourth of the wholesalers interviewed stated that imported trees are of better and more dependable quality. Another 20% said the supply was more dependable. About forty percent of the dealers stated that consumers prefer the balsam fir tree because of its fragrance and short needles. The balsam fir trees also are easier for the dealers to handle, because the bundled tree is more compact and expedites transportation, both from source to wholesaler and from wholesaler to dealer.

WAYS TO INCREASE MARKET

Marketing Methods

Wholesalers were asked how the Ohio growers could do a better job of marketing their product.

Twenty-seven percent of the dealers recommended either improving or devising a different method of selling the trees. The growers should contact buyers or market the trees through brokers or commission men. Perhaps a cooperative marketing group should be formed.

The wholesalers want the growers to perform more services. Such things as grading, delivery of trees and bundling would improve the appeal of Ohio trees to the wholesalers.

Advertising

The wholesalers also were queried about their recommendations for advertising Ohio trees. Thirteen percent responded that before any advertising was done, the growers need to produce enough trees of good quality to meet the present demand. One-third of the dealers recommended using slogans "selling" the qualities of Ohio grown trees such as: "No Shed;" "Cut Fresh;" "Keep Home Clean;" "Good 'til the New Year." However, another 13% said advertising would have little effect on the demand for the trees.

SUMMARY: OPINIONS AND RECOMMENDATIONS OF OHIO WHOLESALERS

The potential market for Ohio grown Christmas trees is in excess of present sales. However, before this market potential can be realized, much work must be done by Ohio growers.

The wholesalers feel that consumers are becoming more discriminating about the type of tree they purchase. They select not only the species they prefer but also the quality of tree. Imported balsam fir dominates the market at the present time. However, when good quality Scotch pine are available, they are in strong demand.

This puts a responsibility on the grower. One-third of the wholesalers interviewed said the first thing growers should do is consistently produce a high quality product.

Shearing the trees regularly is a desirable production practice, wild trees are seldom marketable. Selective cutting may be necessary. Trees of inferior quality may be disposed of as cut boughs but it is questionable if they should be marketed as Christmas trees. Quality grading of the tree and pricing accordingly would help the wholesalers purchase the types of trees they desire from Ohio growers and, at the same time, increase the income of the better growers.

The growers must produce a tree that is in a competitive position with imported trees. Large scale wholesalers want to purchase their trees with a minimum number of contacts with growers or suppliers. The price of the Ohio grown trees must compare favorably with the price of imported trees. Growers need to meet the competition from tree companies in transporting the trees to the wholesalers. Bundling of trees for easier handling may become a factor.

The Christmas tree grower must "sell" his trees to the wholesaler. Many of the wholesalers contacted in this survey stated that few, and in some cases no, Ohio growers had contacted them about buying Ohio trees.

Not all Ohio growers are in the Christmas tree business in large enough scale, as individuals, to provide desired services. This may suggest that several growers should market their trees together or form a cooperative marketing group.

The marketing of Christmas trees has become quite complex in a relatively few years. Competition in Ohio in the production and marketing of trees has increased greatly. From all indications, this trend will increase at an even greater rate in the coming marketing seasons.

Christmas trees can no longer be regarded as a no work, catch-as-catch-can crop for Ohio farms. The successful Christmas tree grower in the coming marketing seasons will be the one who has planned his Christmas tree marketing with as much thought, accuracy and work as he would the marketing of any major crop from his Ohio land.

APPENDIX

TABLE 1.—Species and Number of Christmas Trees Handled by Wholesalers in Canton, Columbus and Washington C. H., 1956

Species	Imported		Locally Grown		Total	
	Number	%	Number	%	Number	%
Scotch Pine	37,725	29.23	17,350	13.44	55,075	42.67
Balsam Fir	66,307	51.38			66,307	51.38
Red Pine			6,300	4.88	6,300	4.88
White Pine	150	.12	750	.58	900	.70
Spruce	480	.37			480	.37
Total	104,662	81.10	24,400	18.90	129,062	100.00

TABLE 2.—Number and Species of Christmas Trees Handled by Canton, Ohio, Wholesalers, 1956

Species	Imported		Locally Grown		Total	
	Number	%	Number	%	Number	%
Scotch Pine	36,000	59.26	9,250	15.23	45,250	74.49
Balsam Fir	13,800	22.72			13,800	22.72
Red Pine			1,300	2.14	1,300	2.14
White Pine	150	.24	250	.41	400	.65
Total	49,950	82.22	10,800	17.77	60,750	100.00

**TABLE 3.—Number and Species of Christmas Trees Handled by
Columbus and Washington C. H., Wholesalers, 1956**

Species	Imported		Locally Grown		Total	
	Number	%	Number	%	Number	%
Scotch Pine	1,725	2.53	8,100	11.86	9,825	14.39
Balsam Fir	52,507	76.86	—	—	52,507	76.86
Red Pine	—	—	5,000	7.32	5,000	7.32
White Pine	—	—	500	.73	500	.73
Spruce	480	.70	—	—	480	.70
Total	54,712	80.09	13,600	19.91	68,312	100.00

**TABLE 4.—Number and Species of Christmas Trees Handled by
Washington C. H. and Columbus Produce Companies, 1956**

Species	Imported		Locally Grown		Total	
	Number	%	Number	%	Number	%
Scotch Pine	—	—	7,300	15.99	7,300	15.99
Balsam Fir	32,884	72.02	—	—	32,884	72.02
Red Pine	—	—	4,500	9.85	4,500	9.85
White Pine	—	—	500	1.09	500	1.09
Spruce	480	1.05	—	—	480	1.05
Total	33,364	73.07	12,300	26.93	45,664	100.00

**TABLE 5.—Number and Species of Christmas Trees Handled by
Washington C. H. and Columbus Chain Grocery Stores, 1956**

Species	Imported		Locally Grown		Total	
	Number	%	Number	%	Number	%
Scotch Pine	1,725	7.62	800	3.53	2,525	11.15
Balsam Fir	19,623	86.64	—	—	19,623	86.64
Red Pine	—	—	500	2.21	500	2.21
Total	21,348	94.26	1,300	5.74	22,648	100.00